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1 May 1979

TRANSLATIONS ON VIETNAM
(FOUO 5/79)

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MILITARY AFFAIRS AND PUBLIC SECURITY

'ASAHI' ON TENSION IN SRV-PRC BORDER AREAS ON EVE OF TALKS

Tokyo ASAHI SHINBUN in Japanese 12 Apr 79 Morning Edition p 7 OW

[Article by Ishikawa]

[Text] Hanoi, 11 Apr--This correspondent visited Lang Son Province on 10 and 11 April to personally feel the extraordinary tension that now prevails in border areas with the opening of the Sino-Vietnamese vice ministerial talks at hand.

Lang Son City did not sustain so much destruction as Cao Bang did, as the Chinese troops which found their way into the city on 4 March pulled out next day. Nevertheless, most of the buildings such as hospitals, post offices and hotels were destroyed. Dong Dang, located 3 kms from the border, was a deserted place and not a soul was seen there.

A large number of Vietnamese troops were entrenched in hills around Dong Dang. Residents in nearby villages also had evacuated and the border areas of Lang Son Province were in a semicombat state.

Minorities account for 70 percent of the province's total population of 480,000. The Chinese invasion caused 200,000 residents to evacuate; only 60,000 of them including women and militiamen have returned so far.

Railway stations in Lang Son Province were still crowded with people evacuating to safer places from border areas. This correspondent's request for permission to travel to Yuui Pass on the border was denied by the provincial military command for the reason that it is not advisable to irritate the Chinese side with the opening of the vice ministerial talks at hand.

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MILITARY AFFAIRS AND PUBLIC SECURITY

INFORMATION ON VIETNAMESE MILITARY UNITS

The following information on Vietnamese military units has been extracted from Vietnamese press sources published in Hanoi, unless otherwise indicated. Unit designators and subordination are as they appear in the original source. The remarks include a brief summary of the salient information available in the news item.

<u>Unit</u>	<u>Remarks</u>
Self Defense Regt, Hanoi Metallurgy & Chemicals Corporation	Unit members manning anti-aircraft weapons. (HANOI MOI 17 Feb 79 p 1)
7th Gp, Capital [Hanoi] Forces	Political Officer: Phạm Luyện [PHAMJ LUYEENJ]. Unit activities described. (HANOI MOI 21 Feb 79 p 2)
1st Bn, 768th Artillery Gp, Hoang Lien Son Province Forces	On 17 Feb 79 destroyed 4 Chinese guns and 2 military vehicles. (HANOI MOI 23 Feb 79 p 1)
Thang Long Self Defense Regt, Thang Long Bridge Combine Enterprise	Photo of unit anti-aircraft weapons. (HANOI MOI 24 Feb 79 p 1)
8 May Self Defense Regt, 8 May Textile Plant	Anti-aircraft training noted. (HANOI MOI 24 Feb 79 p 4)
Hai Ba Trung Self Defense Regt, Dong Xuan Textile Knitting Plant	" " " "
Nguyen Hue Self Defense Regt, Tool Manufacturing Plant #1	1200 unit members volunteer for combat duty. (HANOI MOI 24 Feb 79 p 4)
30th Artillery Gp, Hoang Lien Son Province Forces	Destroyed Chinese tanks on 17 Feb 79. (HANOI MOI 28 Feb 79 p 1)

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4th Co, 5th Bn, Sao Vang Gp	On 18 Feb 79 engaged Chinese at Dong Dang, Lang Son Province. (HANOI MOI 1 Mar 79 p 1)
35th Gp, Economic Construction Forces	Unit commended for physical fitness. (THE DUC THE THAO 3 Feb 79 p 2)
1st Bn, 234th Gp	Has dual mission of mobile combat and training. (TIEN PHONG 13-19 Feb 79 p 3)
2nd Co, 89th Gp	Engineer personnel repair road damaged by Chinese invaders. (NHAN DAN 19 Mar 79 p 1)
9th Co, M.23 Gp, Loc Binh, Lang Son Province	An economic construction unit that recently converted to a combat role. (NHAN DAN 19 Mar 79 p 2)
567th Infantry Gp, Cao Bang Local Forces	Decorated for combat service against the Chinese. (NHAN DAN 20 Mar 79 pp 1, 2)
B.46 Gp, 1st MR	" " " "
H.46 Infantry Gp	
77th Infantry Gp	
51st Infantry Gp	
M.66 Artillery Gp, 1st MR	" " " "
23rd Bn	
Sao Vang Gp	" " " "
42nd Infantry Co, 4th Gp	
5th Artillery Co, 12th Bn	
9th Infantry Bn	
1st Engineer Co, 15th Bn	
3rd Infantry Bn	
7th Infantry Bn	
2nd Bn	
4th Bn	
14th Antiaircraft Bn	
M.68 Artillery Gp, Tay Bac Forces	" " " "
1st Artillery Bn	
M.93 Gp, Lai Chau Province Forces	" " " "
1st Infantry Bn	
1st Infantry Co, 1st Bn	

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B.68 Gp, Tay Bac Forces 2nd Artillery Bn 3rd Artillery Co, 1st Bn	Decorated for combat service against the Chinese. (NHAN DAN 20 Mar 79 pp 1, 2)				
M.23 Gp, Lang Son Province Forces 1st Infantry Bn 10th Infantry Co, 3rd Bn	"	"	"	"	
H.54 Gp, Hoang Lien Son Forces 2nd Infantry Bn 20th Transportation Co 9th Infantry Co, 3rd Bn 2nd Infantry Co, 1st Bn	"	"	"	"	
B.45 Gp, Tay Bac Forces 11th Infantry Co, 5th Bn 3rd Infantry Co, 1st Bn	"	"	"	"	
5th Infantry Co, 2nd Bn, B.26 Gp, Tay Bac Forces	"	"	"	"	
3rd Infantry Bn, M.92 Gp, Hoang Lien Son Province Local Forces	"	"	"	"	

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MILITARY AFFAIRS AND PUBLIC SECURITY

INFORMATION ON VIETNAMESE MILITARY UNITS

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<u>Unit</u>	<u>Remarks</u>
1st Bn, 6th Artillery Gp, Cao Bang Province	Commended for killing hundreds of Chinese after 7 Mar 79. (QUAN DOI NHAN DAN 17 Mar 79 p 1)
M.66 Artillery Gp	On 26 Feb 79 a unit observation post was located north of Dong Dang. (QUAN DOI NHAN DAN 17 Mar 79 p 2)
B.2 Boat Brigade, Navy	Completed combat training exercise. (QUAN DOI NHAN DAN 18 Mar 79 p 1)
B.7 Navy Gp	Conducted combined exercise. (QUAN DOI NHAN DAN 18 Mar 79 p 1)
3rd Co, 15th Engineer Bn, 45th Gp	Pushed PRC battalion off Hill 168, Bao Thang District, Hoang Lien Son Province. (QUAN DOI NHAN DAN 18 Mar 79 p 1)
7th Armored Bn, S Gp	Overcame serious terrain problems to accomplish mission. (QUAN DOI NHAN DAN 18 Mar 79 p 1)
2nd Co, Thanh Xuyen Gp, People's Armed Public Security Forces	On 17 Feb 79 prevented Chinese invaders from taking Hill "Y." (QUAN DOI NHAN DAN 18 Mar 79 p 3)
7th Bn, Song Hong Gp, Lang Son Province	Killed many Chinese soldiers. (QUAN DOI NHAN DAN 18 Mar 79 p 3)

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16th Gp	Political Officer: Lieutenant Colonel Ngo Khuan [NGOO KHUAAN]. Unit members of advanced age and less than perfect health volunteer for combat. (QUAN DOI NHAN DAN 18 Mar 79 p 3)
74th Gp, Thanh Hoa Local Forces	After 10 months work this unit completed 40 kilometers of road on the border between "H" and "P." (QUAN DOI NHAN DAN 19 Mar 79 p 1)
110th Military Hospital	Organizes to handle wounded resulting from the Chinese invasion. (QUAN DOI NHAN DAN 19 Mar 79 p 1)
5th Gp, Economic Construction General Department 42nd Bn	Completed work on the road section between kilometer 72 and 74 on an unspecified road. (QUAN DOI NHAN DAN 19 Mar 79 p 2)
10th Co, 6th Bn, H.45 Gp, Hoang Lien Son Province	Unit hero commended for destroying two enemy tanks. (QUAN DOI NHAN DAN 19 Mar 79 p 3)
Artillery Force 2nd Gp 3rd Gp 6th Gp 9th Gp	Conducted combat alert drills and fired live ammunition. (QUAN DOI NHAN DAN 19 Mar 79 p 3)
103rd Military Hospital	Unit surgeons sent to assist 110th Military Hospital in treating wounded resulting from the Chinese invasion. (QUAN DOI NHAN DAN 19 Mar 79 p 3)
105th Military Hospital	" " " "
108th Military Hospital	" " " "
354th Military Hospital	" " " "
3rd Co, 45th Bn, 43rd Gp, Quang Ninh Province Local Forces	Unit aid man performs well in combat on 19 Feb 79. (QUAN DOI NHAN DAN 19 Mar 79 p 3)
Women's Transportation Bn, B.7 Gp	Provided combat support against Chinese invaders. Photo shows unit members transporting boxes on shoulders. (QUAN DOI NHAN DAN 20 Mar 79 p 2)

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1st Platoon, Lang Son Province Forces	Photo of unit members all armed with U.S. weapons (BAR, M3 submachineguns, Garand M1 rifle). (QUAN DOI NHAN DAN 20 Mar 79 p 3)
Song Chanh Gp	Unit member kills many Chinese invaders. (NHAN DAN 21 Mar 79 p 2)
3rd Artillery Gp	Commander: Nguyen Huu Dan [NGUYEENX HUWUX ZAAAF]; Political Officer: DOOX SON. Killed 1100 Chinese on 12 Mar 79 at Ban Phiet and Ban Quan, Hoang Lien Son Province. (NHAN DAN 21 Mar 79 p 2)
15th Engineer Bn, H.45 Gp, Hoang Lien Son Province	Engaged Chinese invaders at Ben Den. (NHAN DAN 23 Mar 79 p 2)
Sao Vang Gp	Located in Lang Son Province. (NHAN DAN 21 Mar 79 p 1)
Khanh Khe Gp	" " " "
9th Military Hospital	Located in Hoang Lien Son Province. (NHAN DAN 21 Mar 79 p 4)
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MILITARY AFFAIRS AND PUBLIC SECURITY

INFORMATION ON VIETNAMESE MILITARY UNITS

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<u>Unit</u>	<u>Remarks</u>
1st Co, 2d Infantry Gp, Cao Bang Province	In first engagement with Chinese invaders killed 70 enemy at Hill 505. (QUAN DOI NHAN DAN 21 Mar 79 p 3)
Unit B.2, 172d Navy Gp	Simulated combat training reported. (QUAN DOI NHAN DAN 22 Mar 79 p 1)
Bach Dang Navy Gp	Served on convoy duty. (QUAN DOI NHAN DAN 22 Mar 79 p 1)
Vessel 01	
Vessel 03	
Vessel 05	
Vessel 97	
Vessel 99	
Vessel 203	
Vessel 205	
Detachment 45, Ngoc Hoi Gp	Passed through Vieng Chao Village, Nguyen Binh District, Cao Bang Province enroute to combat. (QUAN DOI NHAN DAN 22 Mar 79 p 2)
11th Bn, H.45 Gp, Hoang Lien Son Province	Photo of unit members running to man artillery piece. (QUAN DOI NHAN DAN 22 Mar 79 p 3)
Tay Son Gp, Sao Vang Gp	Responsible for a critical section of the Lang Son border area during 17-28 February 1979 when it killed over 5,000 Chinese invaders. (QUAN DOI NHAN DAN 22 Mar 79 p 3)

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1st Bn, 21st Armored Gp	Photo of unit members arming tanks. (QUAN DOI NHAN DAN 23 Mar 79 p 1)
2076th Missile Gp	Training and combat readiness activities noted. (QUAN DOI NHAN DAN 23 Mar 79 p 1)
Sao Vang Self Defense Regt, Sao Vang Rubber Factory, Hanoi	Conducted training in air defense and countering invading forces. (HANOI MOI 5 Mar 79 p 2)
9th Gp, Capital Defense Forces	Successful firing exercise completed. (HANOI MOI 9 Mar 79 p 1)
5th Co, 68th Artillery Regt, Sao Vang Gp	Unit hero commended for action against Chinese invaders. (NHAN DAN 24 Mar 79 p 2)
7th Co, Song Da Engineer Gp	Engaged Chinese invaders on 27 February 1979 battle for Lang Son City. (NHAN DAN 24 Mar 79 p 2)
31st Navy Engineer Gp	Gave instructions in communist party and youth union matters. (QUAN DOI NHAN DAN 25 Mar 79 p 1)
1st Navy Gp	" " " "
2d Navy Gp	" " " "
3d Co, Song Chanh Gp	Engaged Chinese invaders at unspecified location and date. (QUAN DOI NHAN DAN 25 Mar 79 p 1)
N.20 Engineer Gp Hung Vuong Gp N.21 Gp Me Linh Gp	Training and fortification work noted. (QUAN DOI NHAN DAN 25 Mar 79 p 1)
Thang Tam Engineer Gp	Elements of this group involved in fighting Chinese invaders. (QUAN DOI NHAN DAN 25 Mar 79 p 1)
Song Thao Engineer Gp	Performed river crossing service for other units. (QUAN DOI NHAN DAN 25 Mar 79 p 1)
Song Da Engineer Gp	Performed combat and combat support roles against Chinese invaders. Elements engaged Chinese at Tam Lung, Lang Son on 27 February 1979. (QUAN DOI NHAN DAN 25 Mar 79 p 4)

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Self Defense Regt, Construction Corporation #6, Ministry of Building	Recently activated. Consists of more than 600 members. (QUAN DOI NHAN DAN 25 Mar 79 p 2)
Engineer Bn, Song Hong Gp	Performing combat support mission against Chinese invaders. (QUAN DOI NHAN DAN 25 Mar 79 p 3)
20th Transportation Co, H.54 Gp, Hoang Lien Son Province Local Forces	Commended for combat support. (NHAN DAN 26 Mar 79 p 2)
11th Co, 16th Gp, People's Armed Public Security Forces	Participated in fighting Chinese invaders at Bao Nhai Village, Bac Ha District and Na Khuy Hill, Muong Khuong District, Hoang Lien Son Province. (NHAN DAN 26 Mar 79 p 2 & 28 Mar 79 p 1)
1st Bn, 41st Infantry Gp	Unit field exercise reported. (QUAN DOI NHAN DAN 26 Mar 79 p 3)
02 Armored Gp	Preparing for combat service. (QUAN DOI NHAN DAN 27 Mar 79 p 1)
2d Co, 3d Artillery Gp	Located in a Meo village, Bao Yen District, Hoang Lien Son Province. (QUAN DOI NHAN DAN 27 Mar 79 p 2)
93d Depot	Worked frantically to support combat forces. (QUAN DOI NHAN DAN 27 Mar 79 p 2)
Truong Son Corp	
-075 Gp	-Left for combat service.
-N8 Gp	- " "
-D5 Gp	- " "
-99th Gp	-Combat readiness training.
-515th Unit	-Road maintenance.
-509th Unit	- " "
-470th Gp	-Digging fish ponds.
	(QUAN DOI NHAN DAN 28 Mar 79 p 1)
*Nguyen Hue Gp	This Hanoi unit constructing defense line and providing combat support service.
1st Regt	(NHAN DAN 30 Mar 79 p 1)
17th Regt	
18th Regt	
19th Regt	

* Full translation of cited article will be published.

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INTERNATIONAL RELATIONS, TRADE AND AID

CHINA IS THE HEGEMONISTIC AND WARLIKE POWER

Paris PARIS MATCH in French 23 Mar 79 p 43

[Interview with Pham Van Dong by PARIS MATCH, in Hanoi; date not given]

[Text] Our special correspondent, Jean-Claude Labbe, experienced the recent Sino-Vietnamese war from the Vietnamese side. The prime minister received him in Hanoi and answered his questions.

PARIS MATCH: Since the fall of Phnom Penh, Vietnam has been sharply criticized throughout the world. Several countries have cut off the economic aid that they were giving you, after accusing Vietnam of having annexed Kampuchea. Vietnam seems to have become isolated on the international scene, including rejection by nonaligned countries as well as certain socialist countries that yesterday, however, were the staunchest of supporters of Vietnam. What are your explanations?

Pham Van Dong: Your question is not a serious one. You very well know that an enlightened public rejoiced at the collapse of the regime of genocide in Kampuchea and the end of a war fraught with consequences that was raging on the southwest border of our country.

At the present time, all progressive people are aligned with us in an emphatic denunciation of the ignoble war carried out by expansionist circles in Peking against our country.

No. We are not isolated! Just the opposite. We have on our side people who love liberty, justice, and peace. We are marching along in the direction of history. Our struggle is the struggle of people against imperialism, reaction, and war. Our victory is unquestionable!

PARIS MATCH: The main Kampuchean leaders have remained on the spot and have organized a war of resistance, supported by China. A big national union front was recently formed by Pol Pot.

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In your opinion, to what extent is this resistance capable of regaining power?

What is your analysis of the present situation in Kampuchea?

Pham Van Dong: We know what is occurring in Kampuchea better than you. Pol Pot-leng Sary's government has been overturned by all of the people of Kampuchea, who are now working to obliterate it completely. That is an irreversible evolution that scoffs at the efforts and illusions of those who would like to overturn the course of history. In short, the people of Kampuchea, having emerged as the victor in a heroic revolution, are now master of their destiny. The People's Revolutionary Council, the only true and legal representative of the people of Kampuchea, is now in control and administration of the entire country.

PARIS MATCH: Many observers believe that the fall of Phnom Penh is the consecration of the formation of the Indochinese Federation directed by Hanoi, and that such a federation is part of the Soviet strategy in Southeast Asia, that is, the encirclement of China.

What do you think of this analysis? And what relations does Vietnam intend to have with Kampuchea?

Pham Van Dong: The Indochinese Federation was dead long before the defeat of French colonialism in Indochina. No one speaks of it any more. Only the Peking authorities and certain other imperialist circles again evoke this untruth, which in itself reveals their own neocolonialist ambitions with regard to the people of Vietnam, Laos, and Kampuchea.

During the past three decades, the militant solidarity among the three peoples of Vietnam, Kampuchea, and Laos has been an important factor in bringing about a victorious revolution in each of the countries against common enemies. It is imperative to strengthen this solidarity. The Soviet Union has nothing to do with this affair.

The signing in Phnom Penh, this past 18 February, of the peace, friendship, and cooperation treaty between the Socialist Republic of Vietnam and the People's Republic of Kampuchea inaugurates a new era in the traditional relations of friendship between the two peoples, laying solid bases for close cooperation in all domains by the two countries.

PARIS MATCH: Following the new situation in Indochina, certain countries in the Asian zone, notably Thailand, suspect Vietnam of harboring hegemonic and warlike aims regarding them. What are the facts?

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Pham Van Dong: The real hegemonic and warlike aims in this region became apparent right out in the open with the aggression launched by Peking against our country during these recent weeks. This aggression constitutes a serious danger to peace, the stability of all Southeast Asian countries, and to the world.

Regarding relations with Thailand, as well as with all of the other countries of Southeast Asia, we are determined to carry out with perseverance the agreement in the joint statements of the Socialist Republic of Vietnam and these countries, in September and October 1978.

PARIS MATCH: Negotiations concerning normalization of your relations with the United States seemed to be on the point of materializing in a near at hand future. The United States now lets it be understood that this normalization has been seriously compromised since the events in Cambodia. The American position concerning the present situation is: in Vietnam, withdrawal of the Chinese; in Cambodia, withdrawal of the Vietnamese. How do you appraise this new situation?

How do you envisage the future of your relations with the United States, in this new context?

Pham Van Dong: There is already talk of collusion between the United States and China against Vietnam. The public observes that the Chinese aggression against Vietnam was launched right after the visit of Deng Xiaoping to the United States. This is no longer a suitable time to answer your question on normalization of relations between the Socialist Republic of Vietnam and the United States.

PARIS MATCH: Your government has stated that it would authorize citizens who wish to live abroad to leave Vietnam.

Who will be able to leave?

Will this measure be exclusive?

Will there be conditions and what will they be?

Will this measure apply to the dissidents and opponents of the former regime?

Pham Van Dong: We are studying this matter with all the seriousness that it requires.

PARIS MATCH: How do you view the future of your country?

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Pham Van Dong: In the course of its history, on various occasions, the Vietnamese people have had to victoriously fight invaders from everywhere.

And yet we were much weaker.

Now we are much stronger, both with regard to our own strength and the strength that comes from the support of progressive forces throughout the world. As you can see, our people are calm, optimistic, fully confident of their victory over the aggressor, and are certain of the success of their efforts in their task of edification.

All of our people are mobilized for this dual objective and are working to those ends with enthusiasm.

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INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

'INTERNATIONAL BRIGADE' FORMING--To provide reinforcements for Hanoi, an 'international brigade' is in the process of formation. To the Cubans who will provide the backbone of the force will be added 'volunteers' from the GDR and Hungary. [Text] [Paris VALEURS ACTUELLES in French 2 Apr 79 p 35]

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ECONOMIC PLANNING, TRADE AND FINANCE

EFFECTS OF SINO-VIETNAMESE CONFLICT ON JAPANESE TRADE WITH VIETNAM

Tokyo NIHON KEIZAI SHINBUN in Japanese 25 Feb 79 p 6

[Text] The conflict between the People's Republic of China (PRC) and the Socialist Republic of Vietnam (SRV) which began with the Vietnamese invasion of Cambodia is beginning to cast its shadow upon Japanese industry. The ripple effect was felt most keenly in our trade transactions with the SRV. The steel industry abruptly cancelled a mid-February negotiating delegation visit to SRV, the purpose of which was to discuss export of steel. Though continuing commercial talks are proceeding smoothly, there have been no new deals proposed since the beginning of the year, and impatience in trade circles with the situation is undeniable: "If this continues, we will have to switch to other markets." It appears that the reopening of the Vietnamese offshore oil development negotiations has receded into the uncertain future. On the other hand, the conflict has brought unexpected positive ripple effects as to the nonferrous metal industry where it took the form of a sudden jump in the price of copper ore. Though a great deal depends on how the conflict will be resolved, it is an undeniable fact that the SRV market, once regarded as promising a potential market for Japanese industry as the People's Republic of China, is for the time being at least becoming less attractive amidst an uncertain international political situation.

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1978 Japan-SRV Trade Transactions (Japan-SRV Trade Association Survey; Δ signifies decrease)

Items	Actual Figures (million yen)	Composi- tion Ration (%)	Comparison with Pre- vious Year (%)
(Exports)	48,199	100.0	3.6
Iron/steel, nonferrous	17,336	36.0	26.0
Machinery, tools	13,660	28.3	Δ 5.9
Chemical products	5,446	11.3	Δ 30.5
Textile, manufactured tex- tile goods	5,060	10.5	44.6
Sundries, Other	2,894	6.0	Δ 30.9
Fertilizer	2,754	5.7	133.9
Minerals, Mineral fuel	888	1.8	10.2
Reexported goods	161	0.4	Δ 77.6
(Imports)	10,875	100.0	Δ 44.1
Mineral products	5,862	53.9	Δ 53.7
Marine and livestock products, processed goods	2,999	27.6	Δ 35.8
Agricultural, forestry, food- stuff	1,373	12.6	Δ 11.0
Textile, processed textile goods	428	3.9	18.5
Folk crafts	169	1.6	Δ 6.8
Sundries, Other	44	0.4	65.7

Diminishing Trade Feared

Mitsunobu Nakahara--Executive Director of Japan-Vietnam Trade Association, the channel for Japan-SRV trade transactions--went to Hanoi about 1 month before the start of the PRC-SRV conflict. His major objective was to make arrangements for the first Japanese Merchandise Exhibit scheduled to be held in Hanoi in November and to talk over the technological exchange program designed to inform the export expansion-minded SRV about merchandise quality control and standardization. A recent dispatch from Nakahara states that, "the respective trade organs in Hanoi are conducting business as usual and Japan-SRV trade steps are being executed without delay." He denies that the conflict has disrupted normal business operations. But if the conflict is prolonged, it will certainly hamper Japan-SRV trade; and there is a strong probability that it will continue for some time. The outlook is pessimistic.

A good portion of SRV export to Japan is in the form of Hon Gay anthracite. Last year, as a result of difficult price negotiations and reduced demand, the export volume went down to 450,000 tons or half of the previous year's

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export volume. Recovery up to the level of 2 years ago was anticipated for this year. But the coal producing regions are all close to the Chinese border. It is feared that if the conflict is intensified and there are Chinese air attacks, coal production would become impossible. In such an event, it would certainly adversely affect Hitachi, Ltds construction of a coal loading facility at Hon Gay Port. Moreover, there are those who are beginning to voice concern regarding the effect of the conflict upon transportation of seafood, spices and other products.

Industry Has Been on Guard for Some Time

The industry began to be cautious about its deadlines with SRV long before the outbreak of the current PRC-SRV conflict. It has been on guard ever since the unprecedented great flood and the drought which plagued Vietnam during the past 2 years. The natural disasters ruined the financial affairs of SRV anxious for speedy post-war recovery. As a result, transactions with the SRV involved a "high risk country" problem and financial institutions of various developed countries began to hesitate about extending bank loans and other credit to the SRV. Furthermore, the news of SRV invasion of Cambodia resulted in a temporary suspension of Japanese government aid for the SRV scheduled for 1979--14 billion yen (loan in yen--10 billion yen; 4 billion yen in gratuitous aid).

Industry, which was counting on government loans, must necessarily hesitate before going ahead with new plans. If the Japanese Government will not intervene, then the SRV must seek supplier's credit, bank loans and/or other civilian based loans.

When he came to Japan toward the close of last year, SRV Foreign Minister Nguyen Duy Trinh sought Japanese cooperation--both government and private --for four projects: (1) power plant, (2) calcium carbide, (3) engine, and (4) iron mill. But the predominant outlook in the trade circle is that the commercial talks regarding such projects "are not likely to be brought up by either side for some time to come."

Unexpected Windfall for Nonferrous Industry

Based on a Long-term Iron and Steel Agreement (1978-1980), six major iron and steel firms were scheduled to dispatch a negotiating delegation in mid-February for talks regarding export of steel materials during the latter half of JFY 1978. But then, conflict between the PRC and the SRV became increasingly severe and the steel companies hastily cancelled the visit. With regard to future course of action Yuzuru Abe, Nippon Steel Corporation vice president comments that, "All depends on the battle situation. At present, there is no impediment to transactions with the PRC; but dealings with the SRV must be postponed."

The six major steel companies signed a Long-term Iron and Steel Agreement with the SRV in February 1978. This format of six major firms combining

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to participate in commercial talks has been used before in dealing with the PRC. Stable exports was the aim in adopting the same format for transactions with the SRV. It would appear that the sudden turn of events disrupted their plans for Vietnam, but volume-wise, compared to over 5 million tons per year going to China, the amount involved is small. It is small even when compared to the 1.6 million tons going to Iran. Thus, the current situation of no commercial talks with the SRV is not such a serious problem for the steel industry. And, in terms of relationship with China, Nippon Steel Corporation's participation in the cooperative construction effort of Shanghai Baoshan Steel Mill is proceeding without problems. The general consensus is that there is nothing to worry about with respect to the future.

The depressed fertilizer industry's situation is similar. After unification of Vietnam, there was scanty export of fertilizer, using a friendship company as a transactional base. Last Year, the Nippon Ammonium Sulfate Industry Association became the first industry to start formal negotiations with the SRV. But negotiations had come to a complete halt due to the financial settlement question. The current conflict arose as negotiations were about to be abandoned. There was an opinion in the industry that in view of our relationship with China--the largest importer of fertilizer--"export to the SRV ought to be approached very cautiously. For these reasons, it is understandable that the fertilizer industry is undisturbed by the news of the PRC-SRV conflict and claims to have suffered no ill effects from the conflict.

The conflict has caused a sudden jump in the metal goods prices and the non-ferrous metal industry is enjoying an unexpected windfall. For example, the copper ore price was rising before the outbreak of the PRC-SRV conflict as it was being bought up as a strategic commodity, and this caused an impression of international shortage, but the conflict spurred the price hike. However, there is a strong possibility that speculators are active in the copper market. Moreover, the strategic nature of nonferrous metals, including tungsten, will be reevaluated and this is expected to have repercussions. These, then, are unknown factors underlying apprehensions.

Worrisome Japan-China Petroleum Negotiation

Aside from the above, the Petroleum Public Cooperation is talking to the SRV Government regarding the Mekong Delta offshore oil field development.

After the Japanese Government's criticism of Vietnam's invasion of Cambodia, the SRV hardened its attitude, and concerned parties are worried that, if the SRV's stance toward the Japanese Government becomes more rigid as a result of the current PRC-SRV conflict, it is going to be much more difficult to resume interrupted negotiations.

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Though the prevailing view is that the conflict will not affect the transactions with China, the sudden suspension of Japan-China petroleum negotiations created a stir among the participants.

The morning of 17 February, the Chinese petroleum development negotiating delegation that had been in Japan for a month holding talks with the Petroleum Public Corporation returned home abruptly on a Shanghai bound Japan Air Lines special flight. Late that night, the world was abuzz with the news of Chinese troops' penetration into Vietnam.

The topic of this Japan-China negotiation was petroleum prospecting, development and production in southern Bo Hai involving total costs of 400 billion yen. There was to be a signing of a memorandum or a provisional contract by the end of February. However, on 16 February, the Chinese delegation unilaterally declared that they were returning to China. It is no wonder that many conflicting explanations were circulated.

Whether or not the sudden flight home was due to the China-Vietnam conflict is not certain. What makes the Japanese side uneasy is the fact that there is no schedule for resumption of negotiations and the uncertainty about the future of China-Vietnam and China-USSR relations. There are those who fear that if these militarily tense relationships degenerate into a quagmire situation, then "China will be forced to alter her economic buildup plans and all the petroleum development projects including the one in southern Bo Hai would be affected."

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